1 2 3 4 5 6 7 8 IN THE UNITED STATES DISTRICT COURT 9 FOR THE NORTHERN DISTRICT OF CALIFORNIA 10 11 No. C-99-4817-VRW BANK OF AMERICA, et al., 12 Plaintiffs, ORDER. 13 V. 14 CITY AND COUNTY OF SAN FRANCISCO, et al., 15 16 Defendants.

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tates District Court held a hearing on United 18 plaintiffs' motion to enjoin two municipal ordinances regulating 20 ATM fees. The court ruled that the ordinances were likely 21 preempted by federal law as to the national bank plaintiffs and the 22 provisions applicable to state chartered banks non-severable and 23 thus also invalid; the court concluded that the standards for a 24 preliminary injunction had been satisfied. The court explained its 25 ruling on the record in open court and enjoined defendants from 26 enforcing the disputed ordinances, but required plaintiffs to 27 escrow any fees whose collection would otherwise violate the 28 ordinances pending the outcome of the litigation, and to post a

\$50,000 bond.

The parties now dispute the proper terms of such an injunction. This order resolves that dispute.

San Francisco's ordinance has not yet become effective. To enact an ordinance adopted through voter initiative, such as the San Francisco ordinance, the board of supervisors must certify the results of the election after receiving the vote count from the City's election department. San Francisco argues that the court lacks the power to order the board of supervisors to refrain from such certification, contending that this is a legislative function not subject to judicial intervention. San Francisco is incorrect.

At oral argument on November 15, 1999, San Francisco's counsel conceded that certification of the election results was a ministerial act, rather than an exercise of legislative discretion by the supervisors. More importantly, suspending the effectiveness of the ordinance is the only practical means of preventing San Francisco from implementing an enactment likely preempted by federal law. Furthermore, San Francisco and its citizens are amply protected by the escrow provisions of the court's injunction. In the event the court's reading of federal law proves to be erroneous, citizens can apply for and receive refunds of any ATM fee obtained by plaintiffs during the pendency of this litigation in violation of the ordinance.

As the court is well within its jurisdiction to prevent an intrusion by the cities into an area subject to federal preemption, it is appropriate to direct that San Francisco and all related defendants refrain from enrolling, making effective or otherwise implementing the challenged ordinance. The court is

within its power to enjoin the board of supervisors and the other San Francisco defendants from taking such an action.

Santa Monica's ordinance became effective on November 11, 1999. Plaintiffs argue that for the injunction to have any meaning, it must protect them against the possibility of citizen suits which are provided for under the ordinance. Santa Monica claims that the court does not have the power to enjoin citizen ATM users, or to force the Santa Monica city council to revoke the ordinance. To be sure, the court cannot enjoin individuals who are not before it. The court disagrees, however, that it lacks authority to prevent implementation of the ordinance while the injunction remains in effect. Temporary suspension of a likely unconstitutional ordinance in no way improperly interferes with the municipal functions of Santa Monica.

By its terms, the Santa Monica ordinance purports to authorize persons assessed the proscribed ATM fees to seek judicial relief in the state courts. Hence, enforcement of the ordinance is essentially turned over to private parties. While the court cannot enjoin such private parties, none of whom is a party to this litigation, the court possesses ample authority to prevent Santa Monica from purporting to deputize its citizens and others to conduct litigation to enforce an invalid enactment. By insisting that Santa Monica need not abide by federal law, Santa Monica goes too far. Santa Monica's proper avenue is an appellate challenge of the injunction.

Now, therefore, pending resolution of this action defendants are, and each of them is, ENJOINED AND SHALL FORTHWITH CEASE AND DESIST from taking any action to place into effect, make

effective, enforce or otherwise implement or permit any person to enforce or implement Proposition F, placed before the voters of the City and County of San Francisco on November 2, 1999, and section 4.32.040 of the Municipal Code of the City of Santa Monica adopted on or about October 12, 1999.

IT IS SO ORDERED.

VAUGHN R. WALKER United States District Judge